

## PERMIT CHRONOLOGY

for

**Gemstone Mining Company  
Ruby Violet/Red Emerald Mine  
M/001/045**

October 15, 2001

- 1/14/99 - Received fax copy of EA sent to the BLM to start processing. This project is to encompass four DOGM permits, E/001/097 (mine site); E/001/107 (plant site), both of which are under Gemstone Mining Inc.; S/001/011 (Rancho Equipment) and S/001/012 (Rex Harris). DOGM received \$37,500 interim surety from Gemstone Mining on 6/2/98 - which was deposited into Zions Bank by the State Treasurer. The four permits will not be closed until this LMO has been granted final approval. The permit fee of \$100.00 for each site has been paid for 1998 by the respective owner.
- 2/8/99 - Received LMO from Gemstone Mining Co. for Ruby Violet Mine.
- 3/25/99 - Received copy of EA from BLM and approval letter - stating no significant impacts. BLM signed EA March 3, 1999 and approved the plan of operations.
- 4/1/99 - Letter sent stating DOGM unable to review plan in usual timeframe. Should complete review w/in next 45 days.
- 6/21/99 - Sent initial review of NOI with deficiencies noted.
- 7/9/99 - Received operator response to DOGM review. Along with the review was a copy of BLM letter to operator with additional information clarifying some of DOGM deficiencies.
- 7/21/99 - Received revised maps and reclamation estimate for 40.39 acres.
- 7/26/99 - Received operator's permit fee of only \$350.00 - originally billed for \$750.00 for 51 acres. However, due to revised estimate submitted 7/21/99 for only 40 acres, this will reduce fees to \$350. Permitted acres changed from 51 to 40. \$350.00 fee is correct.
- 9/8/99 - Conditional Tentative Approval letter sent. Three items need to be addressed before DOGM can issue final approval to commence operations. DOGM will now publish 30-day public notice. Will need MR-RC & surety before finalizing.
- 9/16/99 - Received response to DOGM Conditional Approval letter. Map also submitted along with letter.

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- 9/17/99 - Notice of Tentative Approval sent to the newspapers for 30-day public comment to be published 9/23/99. Also sent RDCC notification for review. Notice also sent to Beaver County Zoning Authority, operator, and owners of record.
- 10/19/99 - Received notification from RDCC that they have no comments on the proposal. Also received notification from the Five County Association of Governments that they recommend approval of Gemstone's notice.
- 1/3/2000 - Received RC & LOC. LOC has errors that had to be corrected. One of the corrections was one of the process plants at the mine site was removed from the bonded amount (the estimates shows 243,200 they bonded for 200,200).
- 1/19/2000 - Received amendment to LOC with corrections made.
- 1/25/2000 - Memo to DOGM Director requesting Division approval of form and amount of reclamation surety
- 2/2/2000 - Received 1999 annual report.
- 2/7/2000 - Sent certified letter approving LMO - copies of RC & LOC w/amendments enclosed. Also returned original RC & \$18,200 LOC that was submitted with E/001/097. Also sent letter to State Treasurer's office to release \$37,500 bond w/interest to Gemstone Mining.
- 2/10/2000 - Received facsimile letter to Division Director requesting information of what sureties the Division holds for Gemstone Mining be submitted to KPMG for audit purposes.
- 3/3/2000 - Information regarding sureties faxed to John Hinze, Auditor, KPMG.
- 12/19/2000 - Request for year 2000 annual report.
- 1/22/2001 - Received 2000 annual report. Did surface mining utilizing blasting and excavators - moved @100,000 tons. Will continue surface mining @100,000 tons during year 2001.
- 1/31/2001 - Received letter stating the Board of Directors requests that the mine name officially be changed from RUBY VIOLET MINE to RED EMERALD MINE. Mine name changed per this request.
- 1/22/2001 - Received year 2000 annual report.

- 6/27/2001 - Request for year 2001-2002 permit fees.
- 7/9/2001 - Received 2001 permit fees.
- 9/10/2001 - Received fax stating Gemstone Mining has officially closed the mine and plant as of 8/1/2001. All operations have been suspended. Gemstone did not make the option payment to Rex Harris & Red Emerald parties on 6/12/2001 - therefore these parties filed for foreclosure on 8/17/2001. Gemstone is currently in the 90-day period of this foreclosure.
- 9/14/2001 - Tom made phone call to bank regarding LOC's if this operator goes into bankruptcy. Bank said as long as the LOC's are current, they will have to honor them provided the Bank gets in the creditor line at the bankruptcy court.
- 9/21/2001 - Received cancellation notice from Bank One that LOC will be cancelled 1/1/2002.
- 9/21/2001 - Scott Wilkinson & Tom Munson phone conversation stated all employees have been laid off and Scott will be laid off on 9/28/01. New contact is Attorney, John Ashton, Esq. Prince, Yeates, Geldzahler, City Center One, Suite 900, 175 East 400 South, SLC UT 84111.
- 9/26/2001 - Sent CRR Division Directive informing operator that surety bond is being canceled. They must: 1) post replacement form of surety w/in 60 days; or 2) commence immediate reclamation of all mining-related disturbances to be completed by 11/30/2001. They must inform DOGM w/in 10 days as to their intent.
- 10/1/2001 - Received fax stating that Scott Wilkinson and Clinton Christensen have both resigned from Gemstone Mining effective 9/30/2001. Contact changed to company attorney: John Ashton, Prince, Yeates & Geldzahler.
- 10/1/2001 - Tom Munson talked with Dominique Metz at 949-644-4444 (money manager for Gemstone). He confirmed the fact that Gemstone would declare bankruptcy today or tomorrow, Chapter 7, total liquidation, unless negotiations w/Marlo Cropper & Rex Harris prove different. He will keep us informed. Bank One in Texas did confirm that DOGM would get the bonds in case of bankruptcy.

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- 10/3/2001 - Tom talked with Scott Wilkinson and informed him that without an official letter, we will proceed as if the property is being foreclosed and the bond is being canceled. Whether he does reclamation or not has not been decided by Gemstone. RC and CD forms were sent to Gemstone Mining.
- 10/5/2001 - Received response to DOGM 9/26/01 letter. They are trying to work out an agreement w/prior owners to continue mining and replace the bond. Please keep attorney informed as to date of hearing before the Board to forfeit the bond. Hopefully, since the current bond does not expire until January 1, 2001, there will be time to resolve these issues.
- 10/10/2001 - Letter sent to John Ashton, Esq., acknowledging receipt of response to Division Directive. DOGM must proceed with filing a Request for Agency Action by October 19, 2001, in order for the matter to be heard before the Board's December 5<sup>th</sup> hearing. If Gemstone's foreclosure (or any new operator's transfer and bond) is worked out before December 5<sup>th</sup>, DOGM can cancel the Board matter.

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